



Natural Resources Conservation Service
1201 NE Lloyd Blvd., Suite 900
Portland, OR 97232

October 2, 2007

OREGON BULLETIN NO. OR-300-2008-1

SUBJECT: Farm and Ranchland Protection Program (FRPP) policy clarification regarding donations from a landowner to a cooperating entity to cover costs related to easement acquisition such as appraisal, survey and closing costs.

Purpose. To provide FRPP policy clarification to cooperating entities and NRCS personnel regarding landowner donations to FRPP easement administrative costs..

Expiration Date. December 31, 2008

Explanation. The Office of General Counsel (OGC) has advised NRCS that the statute and FRPP regulations limit only donations from a participating landowner as it relates to the fair market value of the conservation easement and does not limit donations to cover the administrative costs (appraisals, surveys, title searches, deed preparation, monitoring, enforcement) associated with the easement.

OGC did advise, however, that the cooperating entity should have policies in place to ensure donations for costs associated with easement acquisition go to pay those bona fide costs and that the cooperating entity (and by association, the United States), is the ultimate client of those services, and not the landowner. Consequently, the agency leadership has decided to clarify the policy on cooperating entities paying for the administrative costs associated with easements. Farm and Ranch Lands Protection Program financial assistance funds may not be used to pay for administrative costs. Cooperating entities are responsible for paying the administrative costs (appraisals, surveys, title searches, deed preparation, monitoring, and enforcement).

The FRPP donation policy does not address cooperating entity acceptance of donations for bona fide common administrative costs. It does, however, seek to prevent mandatory contributions which are used in excess of the statutory limit to ultimately pay for the appraised fair market value of the easement.

As has always been the case, donations may not be used to pay for the entities' cash contribution to the cost of acquiring the easement (50% of the appraised fair market value or the purchase price).

Summary.

- FRPP statute and regulations allows for landowners contribution to bona fide administrative costs incurred by the cooperating entity.
- The cooperating entity, as the ultimate client of those services, shall contract for and be in control of those administrative services.
- Landowner donations towards the administrative costs (appraisals, surveys, deed preparation, and title search) should not exceed the actual costs of procuring those services.
- Landowner donations may not be used to pay for the entities' cash contribution to the cost of acquiring the easement (50% of the appraised fair market value or the purchase price).

/signed/

BILL WHITE
Leader - Programs

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